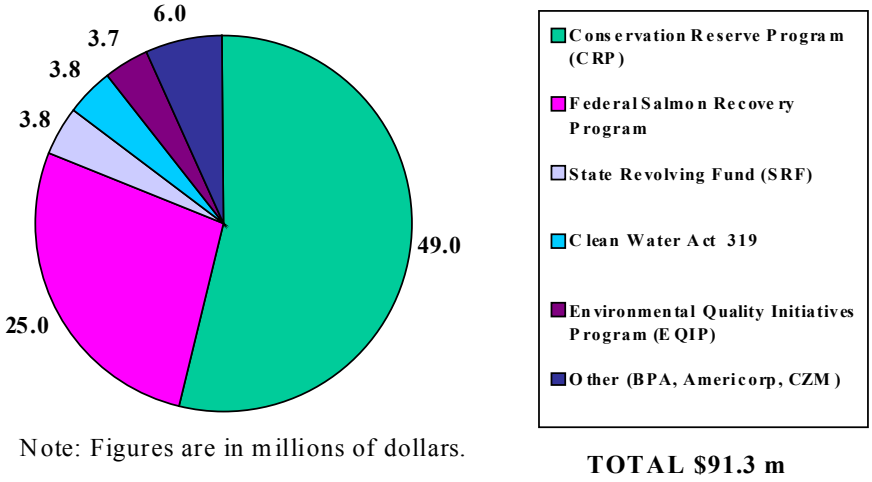
Chapter 11

Funding Nonpoint Activities Integrating Grants and Loans For Water Quality Improvement and Protection

Funding Available for Water Quality Efforts

Many entities fund projects that address water quality, habitat and watershed restoration efforts in Washington. The graphs below show anticipated expenditures from a variety of federal and State sources. They also show the need for coordination to make sure adequate funds are available to accomplish restoration and protection goals. Total expenditures are anticipated to exceed $147 million dollars.

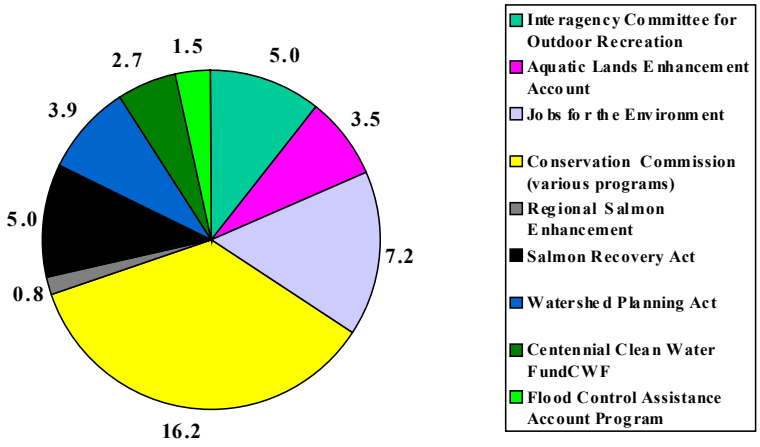
Figure 11.1
Federal 1999 NPS, Watershed, and Salmon Recovery Expenditures in Washington



Note: Figures are in millions of dollars.

TOTAL $91.3 m

Figure 11.2
State 1999 NPS, Watershed, and Salmon Recovery Expenditures in Washington



Note: Figures are in millions of dollars.

TOTAL $45.8 m

In addition to the funding sources shown above, DOT spent over $100 million on mitigation projects.

Though the amount of money seems significant, best indications are that it will take this level of funding, $137.1 million of combined federal and state funds, for many years to clean up historical nonpoint source problems. It is important that these programs show progress in cleaning up water quality so that these funding sources keep helping with implementation. Given that there is no guarantee of funding from year to year, it is important that other means are found to help implement cleanup programs.

State funds are available to implement BMPs through grants from the Conservation Commission and Ecology, and through low-interest loans from the State Revolving Fund.

In addition to the programs shown in the Federal chart above, the US Department of Agriculture administers the Wildlife Habitat Incentive Program (WHIP), the Wetlands Reserve Program (WRP), and the Conservation Reserve Enhancement Program. In Washington, the CREP program hopes to enroll farmers whose land totals 100,000 acres or 3-4,000 miles of riparian habitat on farmland next to salmon spawning streams. At least $200 million will be available to help Washington farmers restore salmon habitat and protect water quality over the next 15 years.

For small timberland owners, several programs provide incentives, technical assistance, and education. The NRCS, in conjunction with locally-based conservation districts, helps timberland owners write forest conservation plans. The Agricultural Conservation Program assists with forest

practices and soil conservation. The Forestry Incentive Program, sponsored by DNR, helps timberland owners with forest production and habitat planning.

Other incentives for water quality improvement include the Washington Conservation Corps and other jobs programs at Ecology and DNR which provide free or low-cost BMPs including fencing, in-stream habitat structures, and other measures to improve habitat and water quality. Marina owners may apply for federal Clean Vessel Act funding through State Parks for installation of pumpouts and other sanitation systems in marinas. Ecology also provides funding to local governments for pollution prevention and waste management through Coordinated Prevention Grants.

Description of Funding Programs

ECOLOGY'S WATER QUALITY FUNDING PROGRAMS

Since the early 1970s, Ecology has administered money and provided technical assistance to help communities improve and protect water quality. The current funding programs are the Centennial Clean Water Fund, State Water Pollution Control Revolving Fund, and the federal Clean Water Act Section 319 Nonpoint Source Program.

Ecology's Water Quality program administers several State and federal financial and technical assistance programs to improve and protect water quality. For fiscal years (FY)1997 – 2000, Ecology will have offered nearly $270 million in grants and low-interest loans to local governments and Indian tribes and other eligible agencies to help address the State's critical water quality problems.

When coupled with substantial local efforts and financial commitments, Ecology's integrated water quality financial assistance program addresses many of the State's most urgent needs. The program encourages and facilitates the development of local capacity to meet local needs.

A 1986 State statute created the Water Quality Account, which is financed primarily through taxes on tobacco products. The account includes the **Centennial Clean Water Fund**. As of January 1999, Ecology has provided approximately $438 million of Centennial funds as grants and loans to public bodies for water pollution control projects.

In 1987, the United States Congress established the **State Revolving Fund (SRF)** to replace the federal Construction Grants Program. The SRF provides low-interest loans to public bodies for water pollution control projects. These loans are administered in Washington State by Ecology. Ecology has provided approximately $314 million in low-interest loans to local governments and Indian tribes under the SRF.

In 1987, Congress amended the Clean Water Act to establish the **Section 319 Nonpoint Source Management Program**. Under Section 319, State and Indian tribes receive grant money to support a wide variety of activities including technical assistance, financial assistance, educational training, technology transfer, demonstration projects and monitoring projects to assess the success of specific nonpoint source implementation projects. To date, Washington State has received approximately 16 million in grant funds to reduce the effects of nonpoint source pollution.

Grants/Loan Application

Since FY 97, Ecology has had a combined annual application process for the Centennial and SRF programs. The Section 319 program was added to the combined process in FY 98. Consolidating the application process has substantially improved efficiency and effectiveness in the administration of the funds. Applicants are asked to complete only one application regardless of the type of funds they are requesting. Applicants are then ranked solely on the basis of water quality improvements and protection to be achieved.

Recent Funding Cycles

Under the combined application cycle, local governments, Indian tribes, special districts, and not-for-profit groups requested approximately $350 million in the fiscal year 1997 – 2000 funding cycles. During this time, approximately $267 million has been available from the sources listed below:

Centennial Clean Water Fund	$134 million
State Revolving Fund	$130 million
Section 319 Fund	$ 3 million

Although a significant percentage of funding is allocated to bring point source facilities into compliance with water quality standards, at least $22,412,950 million was allocated to nonpoint source water pollution control projects during the past three yearly funding cycles (FY 97, 98, and 99).*

Furthermore, Ecology has aggressively and successfully marketed its SRF program toward nonpoint pollution control and prevention. Since the SRF program began, over $17 million has been issued in loans to public bodies for 66 high priority nonpoint projects. This commitment represents six percent of the total loan portfolio.

The Funding Sources

The Centennial Clean Water Fund Program

The Centennial Fund, authorized by Chapter 70.146 of the Revised Code of Washington (RCW), provides grants and low-interest loans to "public bodies" (local governments and Indian tribes) for water pollution control facilities and activities designed to prevent and control water pollution to our state's surface and ground water. Ecology's Water Quality Program has administered the Centennial fund since its inception.

The legislature directed that the Centennial Fund be used to finance the planning, implementation, design, acquisition, construction, and improvement of water pollution control facilities and related activities. Ecology's goal is to ensure that the fund is distributed among those projects that address the State's highest needs for water quality protection and water pollution control.

The Washington State Water Pollution Control Revolving Fund (SRF) Program

Washington's SRF provides low-interest loans to public bodies for projects that improve and protect the State's water quality. The United States Congress established the SRF program as part of the Clean Water Act (CWA) Amendments of 1987. The amendments authorized the EPA to offer yearly capitalization grants to states for establishing self-sustaining, low-interest loan programs. In response, the Washington State Legislature passed a statute in 1988 (Chapter 90.50A RCW, Water Pollution Control Facilities – Federal Capitalization Grants) which created Washington's own SRF Program. Funding for the program includes federal grants and a 20 percent state match composed of Water Quality Account funds. Funding may also include monies from loan principal and interest repayment.

The SRF provides low-cost financing or refinancing of eligible costs for projects including publicly owned wastewater treatment facilities, nonpoint source pollution control projects, and comprehensive estuary conservation and management projects.

Clean Water Act Section 319 Nonpoint Source Program

The Section 319 Nonpoint Source Program provides grant funding to local governments, tribes and other agencies for projects that improve and protect the State's water quality. The United States Congress established the Section 319 program as part of the Clean Water Act (CWA) Amendments of 1987. The EPA offers Section 319 funds to states, subject to an annual appropriation by the U.S. Congress. Funding for Washington's Section 319 Program includes federal grants and a 40 percent state match.

This program offers grants for the management of nonpoint source pollution, to improve and protect water quality. Projects must implement nonpoint source pollution control strategies and demonstrate direct or indirect water quality benefits through preventing or controlling nonpoint sources of pollution. Examples of projects that are funded include implementation of stream and habitat restoration, use of agricultural BMPs, stormwater pollution control, water quality monitoring, and lake restoration efforts that focus on pollution prevention.

Who Can Apply

Applications for grants and loans are accepted from any public body in Washington state. Eligible public bodies include any state agency, county, city, town, conservation district, or other political subdivision, municipal or quasi-municipal corporation, or any tribe recognized by the federal government. Applications from not-for-profit organizations that are recognized as such by the Internal Revenue Service are accepted ONLY for Section 319 grants. However, because funding for Section 319 grants is extremely limited, not-for-profit organizations are encouraged to work with a public body.

Integrating Local Plans and Priorities into the State's Nonpoint Strategy

Local priorities have been given special consideration and points under Ecology's funding program. Appendix C, Determining Local Priorities, outlines the process locals must use when submitting

applications. There are two ways in which local priorities are identified and eligible for funding under Ecology's funding program:

1. If an applicant has a plan that has been approved, then they are eligible to receive implementation funds. The plan will be incorporated by reference into Appendix A, Watershed Summaries for the 62 WRIAs of the State. It is incumbent on locals to inform Ecology when a plan is completed, and what priority it plays at the local level.

2. An applicant may apply directly to implement an action identified in the State's Nonpoint Source Strategy. The action number and source category should be identified in the application. Ecology even encourages locals to apply for those actions.

The process for integrating local plans and priorities will be refined in subsequent years. The process for developing this has been listed as a general recommendation and a specific report on this process will be transmitted to EPA.

Maximum Financial Assistance Available and Match

To help ensure that financial assistance is extended as far as possible, ceiling amounts and match requirements are imposed.

Ceiling amounts have been set for Section 319 grants, and for Centennial grant and loan participation per project:

- For each **activity** project, the total amount of Section 319 grant and Centennial grant and loan assistance cannot exceed $250,000 per annual funding cycle.

- For each **facility** project, the total amount of Centennial grant and loan assistance cannot exceed $2.5 million per annual funding cycle.

A local match of 25 percent of total eligible project costs must be provided for water pollution control **activity** grants from the Section 319 and Centennial funds.

A local match of 50 percent of total eligible project costs must be provided for water pollution control **facility** grants. Grants to help finance water pollution control facilities are only available from the Centennial fund.

For SRF loans, eighty percent of the fund is to be used for water pollution control facilities, ten percent of the fund is reserved for nonpoint source pollution control, and ten percent is allocated for comprehensive estuary conservation and management projects. Unless the demand for funds is limited, not more than 50 percent of each funding category allocation can be awarded to any one applicant. In addition, if requests for SRF assistance in one category do not result in the offer of all available funds, any remaining funds are transferred to other categories. Loans may be provided for up to 100 percent of the total eligible project cost.

How the Funding Cycle Works

Centennial, SRF and Section 319 funding cycles are initiated jointly on an annual basis. The yearly application period traditionally begins in early January and ends in late February. A public announcement about the funding cycle, the amount of money anticipated to be available, and the loan interest rates will be made before the application period opens. In addition, public workshops are held in early January at various locations statewide to explain the application process and general program requirements. Applications and guidelines are available at Ecology's website located at: http://www.wa.gov/ecology

Applications are project proposals that constitute the basis for the preparation of grant and loan contracts or "agreements" (for successful applicants). The applications also constitute draft Section 319 workplans. The grant agreement is the final workplan.

Application Considerations

In evaluating applications for funding consideration, water quality specialists from within Ecology and other state agencies review and prioritize all submittals based on water quality based selection criteria. Evaluation criteria for the four major question areas are provided in the application. In addition, other information may be provided by the applicant to further support the project in the consideration of priority.

During the FY 2000 funding cycle, for example, the main categories used on the application were:

I. Existing or potential water quality problem, threat or need (320 points)
II. Effectiveness of proposal in addressing the water quality problem, threat, or need and achieving desired outcome (320 points)
III. Local management efforts (120 points)
IV. State and federal mandates (140 points)
V. Local priority-setting process (100 points)

The possible total points are1,000.

Evaluation of Application and Section 319/Centennial/SRF Allocations

After the application period, all eligible applications are evaluated and prioritized. Water quality and public health specialists from Ecology and other State agencies review and evaluate the applications. When all projects have been ranked, the nonpoint proposals are evaluated for how well they meet the goals and objectives of the Section 319 program. These criteria have been agreed to by Ecology and EPA and are published in Program Guidelines. Insofar as possible, these highest priority projects are proposed for funding by the Section 319 Program. Other high priority projects are proposed for funding by the Centennial or SRF programs, based on the applicant's request for funding.

After biennial appropriations are made to the Centennial Fund by the legislature and approved by the Governor, a combined document is prepared consisting of the Draft Centennial and Section 319 Offer Lists, and the Draft Intended Use Plan (Draft IUP) for the SRF. This document is prepared in

accordance with the statewide prioritized list and funds available. It contains lists of projects proposed to receive financial assistance under all three programs, and it is distributed to all applicants and other interested parties. The issuance of these lists is followed by a 30-day public review and comment period, after which another combined document consisting of the final Centennial and Section 319 Offer Lists and final IUP is published. Responsiveness summaries (responding to any comments Ecology has received on the proposed awards) are also included in the document.

Developing and Signing Agreements

When a project has been identified on the Section 319 or Centennial final offer list or SRF IUP, the applicant and Ecology staff use the application as a basis and refine the scope of work, grant and/or loan requirements, and budget for the grant or loan agreement. A grant or loan agreement is written after the applicant and Ecology concur on the appropriate scope of work, schedule, eligible costs, and other details.

By signing an agreement, the recipient accepts the terms and conditions of a grant or loan offer. Specifically, they agree to comply with all the applicable federal, State, and local statutes, regulations, orders, permits, program guidelines, and the general terms and conditions of the grant or loan agreement. They may also need to comply with other conditions, including, but not limited to, environmental review, procurement, discrimination, labor, job safety, drug-free environments, and anti-lobbying requirements. Recipients must also comply with the State and federal goals governing minority and women-owned business enterprises.

Milestones and Project Completion

Quarterly progress reports are required for all Centennial grants/loans and SRF loans. Semiannual progress reports are required for all Section 319 grants. These reports must be submitted before applicants can receive payment for costs incurred during that quarter.

All grant and loan recipients must maintain accounting records in accordance with generally accepted government accounting standards. These standards include those contained in the most recent editions of the United States General Accounting Office publication, *Standards for Audit of Governmental Organizations, Programs, Activities, and Functions,* and Ecology's *Administrative Requirements for Ecology Grants and Loans*. In addition, recipients must maintain an accounting system which can track project expenditures separately from other expenses.

Ecology may conduct periodic administrative reviews of funded projects to evaluate a recipient's records and accounting systems. These reviews verify that eligible and ineligible project costs have been documented for audit and that recipients are in compliance with the applicable State statutes, regulations, and requirements (including special grant or loan conditions).

When the scope of work contained in the agreement is fully completed and an adequate final report is accepted, Ecology issues the final payment, Ecology staff complete a final performance evaluation, and the grant is formally closed. Loans enter the repayment phase and are closed after final repayment.

Section 319 Reporting Responsibilities

The federal government requires Ecology to submit Financial Status Reports and project progress reports for all open Section 319 grants at specific times each year. Financial Status Reports are submitted to EPA within 90 days of the end of each budget period. These reports are generated automatically by the Grants Receivable System at Ecology's Fiscal Office. This system tracks federal and matching state funds from federal grant initiation through grant close-out.

Progress reports are presently required on a semiannual basis. According to their grant agreements, recipients are required to submit these reports at least 15 days before reports are due to be submitted to EPA, in order to receive payment for costs incurred during the period. Project milestones such as quality assurance plans and other deliverables are tracked by Ecology staff as they review these reports.

ECOLOGY'S SHORELANDS AND ENVIRONMENTAL ASSISTANCE (SEA) FUNDING PROGRAMS

Ecology's SEA Program administers four grant programs. The Shoreline Management Planning Grants (Coastal Zone Management Section 306) and the Shoreline Public Access Construction Grants (Coastal Zone Management Section 306A) were established by federal law in 1972 and are administered by the National Oceanic and Atmospheric Administration (NOAA). The Flood Control Assistance Account Program (FCAAP) was established by the State legislature in 1984 to help local jurisdictions reduce flood hazards and damages. The newest grant program, the Comprehensive Watershed Planning bill (90.82 RCW) was created by the State legislature in 1998 to address this State's increasing population growth and increasing demands on water resources.

The Funding Sources

The Shoreline Management Planning Grants (Coastal Zone Management Section 306)

Ecology administers a grant program that helps local jurisdictions with comprehensive planning for improving shoreline management within the State's coastal zone. The Coastal Zone Management (CZM) Act "Section 306" grants program was established by federal law in 1972 and is administered by the National Oceanic and Atmospheric Administration. Ecology's Shorelands and Environmental Assistance Program grants approximately $425,000 annually to local governments.

Eligibility

Applicants must be located within Washington's coastal zone, defined as the 15 counties with saltwater shorelines.

Coastal Zone Management planning grants are used for the following activities:

> **Preparing Shoreline Master Program amendments**, including public involvement and the review and approval processes necessary for local adoption. Planning efforts that integrate

shoreline management with growth-management comprehensive plans and regulations are given high priority.

Urban waterfront planning that leads directly to more specificity in local master programs.

Special area management plans directed toward resolving critical shoreline management concerns (i.e., dunes management, estuarine water quality, urban runoff control, etc.) or toward geographic areas presenting difficult management problems or unique opportunities.

Innovative **wetlands protection and education projects** that can be used as models by other local jurisdictions.

Public information and education programs designed to enhance understanding of shoreline management policies and regulations, the permit and enforcement processes, or the natural systems of the coastal zone.

Site planning and design for public access improvements, waterfront restoration, interpretive centers, and similar facilities.

Analysis of major coastal facility siting proposals which, because of their unusual size or location, have regional or statewide resource implications.

To support Washington State's efforts to save endangered salmon, Ecology will give preference to grant projects that support the recovery of salmon and other declining fish species.

Grant Time Frame

Coastal Zone funds carry a strict time frame from July 1 of one year to June 15 of the next year. Any allocated funds that are not spent during the State fiscal year are lost and cannot be carried over to the next fiscal year.

Matching Requirements

A minimum local-match ratio of 1:1, or 50 percent of the total cost, is required. The match can be in cash *(such as paid staff costs)* or in-kind *(donated)* services such as citizen volunteer time. Any non-federal grant source related to the CZM project which has not been previously used as match can be used *(e.g., a State-funded wetlands inventory grant can match a CZM grant for shoreline master program amendments).* CZM grants do not carry a cash match requirement.

Applications

Applications for CZM grants are sent to interested parties in early January and must be submitted to Ecology in late February. Applications are evaluated on a competitive basis. Because requests usually exceed available funds, not all proposals can be funded, and in some cases only selected components of a proposal may be funded.

Shoreline Public Access Construction Grants (Coastal Zone Management Section 306A grants)

Ecology administers this grant program that helps local governments improve public access to shores. The "Coastal Zone Management Act Section 306A" grants program was established by federal law in 1972 and is administered by the National Oceanic and Atmospheric Administration. At the State level, these funds are administered through Ecology's Shorelands and Coastal Zone Management Program. Approximately $50,000 is available annually for distribution to local governments.

Eligibility

Applicants must be located within Washington's coastal zone, defined as the 15 counties bordering on saltwater. Additionally, these 306A grants for small construction and acquisition projects require documentation that must be approved by NOAA's Office of Ocean and Coastal Resource Management.

Projects funded with 306A money are generally small, simple facilities that provide public access to previously inaccessible shoreline areas. For example, access might currently be limited by a physical barrier, such as a steep bank where a ramp could be constructed. Grants are also used to protect threatened habitat and natural features. Projects include:

- Development and acquisition projects that provide, preserve or enhance **public access** to shorelines of the State which are generally not major parks, playgrounds and the like.

- **Acquiring wetlands** which are identified as having value for preservation and which are designated by local governments as areas for preservation and restoration.

- **Redeveloping degraded and/or under-used urban waterfronts**, which will result in increased public use.

Grant Time Frame

Coastal Zone Management (CZM) grants for public access carry a strict time frame from July 1 of one year to June 15 of the following year. Any allocated funds which are not spent during the state fiscal year are lost and can not be carried over to the next fiscal year.

Match Requirements

A minimum local match ratio of 1:1, or 50 percent of the total cost, is required. The match can be in cash (such as paid staff costs) or in-kind (donated) services (such as citizen volunteer time). Any non-federal grant source related to the CZM project which has not been previously used as match can be used. CZM grants do not carry a cash match requirement.

Applications

Applications for CZM grants are sent to interested parties in November, and must be submitted to Ecology in January. Applications are evaluated on a competitive basis by a shoreline-management review team. Because requests usually exceed available funds, not all proposals can be funded, and in some cases only selected components of a proposal may be funded.

Flood Control Assistance Account Program (FCAAP)

The Flood Control Assistance Account Program (FCAAP) was established by the State legislature in 1984 to help local jurisdictions reduce flood hazards and damages. Matching grants are available to counties, cities, towns and other special districts for comprehensive flood hazard management plans, specific projects or studies, and emergency flood-related activities. The program is administered by the Department of Ecology. (See Chapter 86.26 RCW – State Participation in Flood Control Maintenance, and Chapter 173-145 WAC – Flood Control Assistance Account Program.)

Four million dollars is placed in the Flood Control Assistance Account by the State Treasurer at the beginning of each fiscal biennium (July 1 of odd-numbered year) to provide for grants and for program administration. Up to $500,000 in non-emergency grant funds is available during the biennium within any one county. Allocated funds may not be carried over to the next biennium.

Eligibility

To be eligible for any FCAAP grant, a local jurisdiction must participate in the National Flood Insurance Program (NFIP).

Activities Funded

Matching grants are available on a reimbursable basis for **Comprehensive Flood Hazard Management Plans** (referred to as Comprehensive Flood Control Management Plans in Chapter 86.26 RCW) – Grants up to 75 percent of cost help local jurisdictions prepare comprehensive plans. A plan must determine the need for flood hazard management work, assess alternatives, analyze environmental impacts, evaluate problems and proposed solutions, and prioritize recommendations. Other elements of a comprehensive plan are described in Ecology's *Comprehensive Planning for Flood Hazard Management (Ecology Publication #91-44).* Approved plans meet federal and state requirements for local hazard mitigation plans.

Grants up to 50 percent of cost are available for **Flood Damage Reduction Projects and Studies** --projects that preserve or restore natural conditions, or restore or enhance facilities or structures. Maintenance projects must be consistent with a flood hazard management plan. Grants may also be used for funding up to 50 percent of the non-federal share of U.S. Army Corps of Engineers feasibility studies. Project grants are only available to local jurisdictions that already have (or are currently developing) a comprehensive flood hazard management plan. Proposals for projects that are specifically identified in a comprehensive plan are given higher priority for FCAAP funds than

projects that are not identified in a plan. *(Note: Projects identified in comprehensive plans are also more likely to receive funds from other grants sources as well, such as the Hazard Mitigation Grant Program, and the Community Development Block Grant Program.)*

Emergency Food-related Projects – A limited number of grants up to 80 percent of cost are available for flood-related work that must be done immediately to protect lives and property. The local jurisdiction must declare an emergency and Ecology must approve the work. Up to $150,000 is available for all jurisdictions in any one county in addition to non-emergency funds, subject to availability.

Other eligible projects:

- Flood warning systems (State share up to 75 percent of total projects cost)
- Bioengineered bank stabilization projects (State share up to 50 percent of total project cost)
- Public awareness programs (State share up to 75 percent of total project cost)

Application Schedule

Prior to each State fiscal biennium, in the fall of even numbered years, Ecology invites local governments to apply for FCAAP grants. Allocation of funds takes place prior to the beginning of each biennium (July 1 of odd numbered years). Local governments may submit applications to Ecology at any time during the biennium, and will be notified should funds become available.

Flood plans can serve as hazard mitigation plans. A comprehensive flood hazard management plan can be used as a hazard mitigation plan required by the state Emergency Management Division. This can simplify local planning efforts considerably, because local governments need only do the work once. The integrated planning process also increases collaboration between agencies, and allows local governments to make better use of various flood-related grants (such as FCAAP, hazard mitigation and community development block grant programs).

Watershed Planning Grants

In response to the increasing demands on water resources, the 1998 legislature passed 90.82 RCW, the Comprehensive Watershed Planning bill. The bill provides a framework for developing local solutions to water issues on a watershed basis.

Framed around watersheds or sub-watersheds known as Water Resources Inventory Areas (WRIAs), the comprehensive watershed planning process is designed to allow local citizens and local governments to join with tribes to form watershed management planning units to develop watershed management plans. State agencies provide technical assistance and, if requested, serve on the planning units.

Planning units organized under the legislation are required to do a detailed assessment of the planning area's current water supply and uses, and recommend long-term strategies to provide adequate water for fish and future growth. The planning units **may** also choose to develop strategies for improving water quality, or for protecting or enhancing fish habitat, and, in collaboration with the Department of Ecology, **may** set minimum instream flows.

Watershed Planning Grants Under 90.82 RCW

The 1998 State legislature appropriated $3.9 million to start the watershed planning process. Those funds, administered by Ecology, were used to start watershed planning in 27 watersheds across the State.

Ecology has received $9 million in the 1999 legislative process to pass on to local planning efforts for the continued support of watershed planning. $4.5 million can be appropriated for each fiscal year. The new funds will be used to advance planning in watersheds that started in 1998, as well as to fund new watershed planning initiatives.
While there is a significant amount of money to support local watershed planning, the agency will be limited in the direct technical assistance that it will be able to provide.

Funding is available in three phases.

- Phase I, The organizational phase. Initiating governments (through a designated lead agency) may apply for an initial organizing grant of up to $50,000 per WRIA or $75,000 for a multiple WRIA watershed management area to begin the local watershed planning effort.

- Phase II, the assessment phase. Once the organizational phase is completed, a planning unit may apply for up to $200,000 per WRIA to fund watershed assessments.

- Phase III, the planning phase. A planning unit may also apply for up to $250,000 per WRIA for the development of a Watershed Management Plan.

Priorities will be in the following order:

- Planning units moving from Phase 1 to Phase 2 who demonstrate a readiness to proceed within the biennium will be given the highest priority.

- Planning units moving from Phase 2 to Phase 3 who demonstrate a readiness to proceed within the biennium will be the second highest priority.

- The new planning units located in one of the 16 critical fish basins, identified in the Governor's Draft Salmon Recovery Plan, who meet the eligibility criteria outlined above will be the next highest priority.

- The next priority will be given to the eligible planning units located outside of a critical area that applied last year but did not receive funding.

New Planning Units – Phase I Organizational Funding

Applications to initiate planning must be submitted by the lead agency. Applications for grants must include proposals for conducting the water quantity component of a watershed plan. The water quality, habitat, and setting instream flow components of watershed planning are optional. However, the Ecology encourages planning units to do comprehensive watershed planning. If a planning unit decides to include the habitat component, then they must coordinate with the lead entity under the Salmon Recovery Act.

How to Get Started on Phase I

Planning under the Watershed Planning Act is for one or more WRIAs. All counties within the WRIA(s), the largest city or town within each WRIA, and the water utility obtaining the largest quantity of water within each WRIA must agree to start the watershed planning process. These entities are defined in the legislation as the "initiating governments."

If the initiating governments unanimously decide to pursue watershed planning under 90.82 RCW, they must then invite any tribe(s) with reservation lands within each WRIA to participate as an initiating government. These entities, including the tribe(s), if they choose to join the initiating governments, must then designate a "lead agency." The lead agency will submit the grant application to the department on behalf of the initiating governments.

Each lead agency applying for grants must provide evidence that it has been designated as a lead agency by the appropriate initiating governments. The lead agency must also show that all tribes that have reservation land within the WRIA(s) have been invited to participate as an initiating government.

Priority applicants must show that:

- A watershed planning group or organization has been in existence for more than one year,
- The plan would address a watershed which has endangered/threatened and in which there is an inadequate water supply for future growth (one of the 16 critical basins identified in the Governor's Draft Salmon Recovery Plan), and
- The watershed planning area includes more than one WRIA

Lead agency recipients are required to:

- organize the planning unit and provide for representation of a wide range of water resource interests
- determine the scope of the planning to be conducted
- consider all existing plans and related planning activities in order to meet the requirements of RCW 90.82.030(3)
- work with State government, other local governments within the management area, and affected tribal governments, in developing a planning process.

Assessment and Planning – Phase 2 and Phase 3 Funding

Applicants for Phase 2 or Phase 3 dollars must submit a letter of intent indicating when the planning unit expects to be ready to move on to phase 2 or phase 3 in this fiscal year. If your watershed is not immediately ready to proceed to Phase 2 or 3, the letter of intent will be used by Ecology as a placeholder for the current fiscal year. That is, Ecology will set aside funds until planning units are ready to proceed later in the fiscal year.

Readiness to Proceed

These applications will be evaluated for readiness to proceed by assessing the completion of tasks identified in the scope of work in Phase 1 and/or Phase 2 contract agreements with Ecology. The specific requirements identified in the legislation will also be used to determine readiness to proceed to the next stage of the grant program.

Planning units moving from Phase 1 to 2 or from Phase 2 to 3 must demonstrate that they have completed all or substantially all of the tasks outlined in their current contract with Ecology before receiving additional funding.

The technical assessment requires:

- an estimate of the surface and ground water present in the management area;
- an estimate of the surface and ground water available in the management area, taking into account seasonal and other variations;
- an estimate of the water in the management area represented by claims in the water rights claims registry, water use permits, certificated rights, existing minimum in-stream flow rules, federally reserved rights, and any other rights to water;
- an estimate of the surface and ground water actually being used in the management area;
- an estimate of the water needed in the future for use in the management area;
- Location of areas where aquifers are known to recharge surface bodies of water and areas known to provide for the recharge of aquifers from the surface; and
- An estimate of the surface and ground water available for further appropriation, taking into account the minimum in-stream flows adopted by rule or to be adopted by rule under this chapter for streams in the management area including the data necessary to evaluate necessary flows for fish.

The plan development requirements are

The plan is to address the following strategies for increasing water supply with the objective of supplying water in sufficient quantities to satisfy in-stream flow for fish and to provide water for future out of stream use:

- Water conservation
- Water reuse
- Use of reclaimed water
- Voluntary water transfers
- Aquifer recharge and recovery

- Additional water allocations
- Additional water storage and storage enhancement